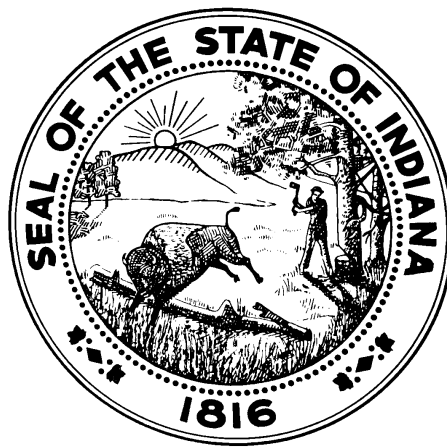


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF
TOWN OF CAMPBELLSBURG
WASHINGTON COUNTY, INDIANA
January 1, 2006 to December 31, 2007



FILED
10/08/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Vanessa Blaine Anita Collins	01-01-03 to 12-31-06 01-01-07 to 12-31-10
President of the Town Council	David L. Brown	01-01-06 to 12-31-08
Superintendent of Utilities	Christopher Boulet	01-01-06 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF CAMPBELLSBURG, WASHINGTON COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Campbellsburg (Town), for the period of January 1, 2006 to December 31, 2007. The Town's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

August 19, 2008

TOWN OF CAMPBELLSBURG
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 54,252	\$ 102,065	\$ 108,706	\$ 47,611
Motor Vehicle Highway	9,293	21,265	18,540	12,018
Local Road and Street	2,944	3,384	4,429	1,899
Park and Recreation	2,201	12,412	12,546	2,067
Law Enforcement Continuing Education	261	143	35	369
Riverboat	9,944	3,637	6,000	7,581
Rainy Day	394	-	394	-
Cumulative Capital Improvement	9,890	2,268	3,220	8,938
Economic Development Income Tax (EDIT)	14,894	8,688	17,000	6,582
Park Nonreverting Capital	5,574	4,327	1,692	8,209
Proprietary Funds:				
Water Utility - Operating	31,132	210,997	192,375	49,754
Water Utility - Bond and Interest	2,254	-	-	2,254
Water Utility - Depreciation	5,293	100	-	5,393
Water Utility - Customer Deposit	17,082	3,580	9,960	10,702
Wastewater Utility - Operating	36,611	123,438	132,529	27,520
Wastewater Utility - Bond and Interest	252	-	-	252
Wastewater Utility - Construction	-	270,000	269,090	910
Wastewater Utility - Debt Service Reserve	200	-	-	200
Fiduciary Fund:				
Payroll	2,342	122,275	121,597	3,020
Totals	<u>\$ 204,813</u>	<u>\$ 888,579</u>	<u>\$ 898,113</u>	<u>\$ 195,279</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 47,611	\$ 87,414	\$ 116,825	\$ 18,200
Motor Vehicle Highway	12,018	20,809	23,664	9,163
Local Road and Street	1,899	3,433	2,342	2,990
Park and Recreation	2,067	12,958	12,840	2,185
Law Enforcement Continuing Education	369	128	-	497
Riverboat	7,581	3,645	6,500	4,726
Rainy Day	-	14,216	7,100	7,116
Cumulative Capital Improvement	8,938	2,609	1,483	10,064
Economic Development Income Tax (EDIT)	6,582	7,911	5,096	9,397
Park Nonreverting Capital	8,209	3,400	5,876	5,733
Proprietary Funds:				
Water Utility - Operating	49,754	176,058	195,871	29,941
Water Utility - Bond and Interest	2,254	-	-	2,254
Water Utility - Depreciation	5,393	105	-	5,498
Water Utility - Customer Deposit	10,702	2,840	2,340	11,202
Wastewater Utility - Operating	27,520	124,328	108,901	42,947
Wastewater Utility - Bond and Interest	252	25,620	25,620	252
Wastewater Utility - Construction	910	116,000	116,910	-
Wastewater Utility - Debt Service Reserve	200	-	-	200
Fiduciary Fund:				
Payroll	3,020	120,655	121,004	2,671
Totals	<u>\$ 195,279</u>	<u>\$ 722,129</u>	<u>\$ 752,372</u>	<u>\$ 165,036</u>

The accompanying notes are an integral part of the financial information.

TOWN OF CAMPBELLSBURG
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, highways and streets, culture and recreation, public improvements, general administrative services, water and wastewater.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

TOWN OF CAMPBELLSBURG
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

Note 7. Significant Customer

For the years 2006 and 2007, the Wastewater Utility had material transactions with Helsel, Inc., in relation to Wastewater services provided in the amount of \$31,089 and \$26,169, which represents 26.02% and 23.58%, respectively, of the Wastewater Utility's receipts.

TOWN OF CAMPBELLSBURG
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
December 31, 2007

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Notes and loans payable	\$ 4,670	\$ 4,733
Business-type Activities:		
Water Utility		
Notes and loans payable	\$ 41,717	\$ 21,734
Revenue bonds:		
1963 issue	2,000	2,254
Total Water Utility	43,717	23,988
Wastewater Utility		
Revenue bonds:		
1963 issue	-	252
2001 issue	80,000	29,496
Total Wastewater Utility	80,000	29,748
Total business-type activities debt:	\$ 123,717	\$ 53,736

TOWN OF CAMPBELLSBURG
EXAMINATION RESULTS AND COMMENTS

ERRORS ON CLAIMS (Applies to Town, Water and Wastewater Utilities)

The following deficiencies were noted on claims during the examination period:

- (1) Claims were not adequately itemized. In addition, claims for meals to inmates on work release did not properly identify the individual, meal and purpose.
- (2) Claims or invoices did not have evidence to support receipt of goods or services.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services."

"(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

ORDINANCES AND RESOLUTIONS (Applies to Wastewater Utility)

The Wastewater Utility has an Ordinance 2000-5 concerning bond requirements for the 2001 bond. The Ordinance requires the Utility to set aside monies into the Debt Service Reserve Fund, ". . . an additional amount as a margin of safety, which margin, together with any unused surplus of such margin carried forward from the preceding year, shall equal not less than ten percent (10%) of all other amounts required to be paid into such Sinking Fund. . . ." The Wastewater Utility has set aside \$200 in the Debt Service Reserve Fund.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CUSTOMER DEPOSIT REGISTER (Applies to Water Utility)

The customer deposit register was not in balance with the Water Utility customer deposit fund's cash and investment balances. In the year 2006, the Clerk-Treasurer identified all but \$6,400 of the cash and investment balances. This included an unidentified balance of \$181.91. In the year 2006, the Clerk-Treasurer transferred a \$7,000 certificate of deposit to the Water Utility Operating Fund, leaving the fund cash short by \$610.

TOWN OF CAMPBELLSBURG
EXAMINATION RESULTS AND COMMENTS
(Continued)

In July 2008, the current Clerk-Treasurer compared current customers with the customer deposit register to identify any customers that did not have a deposit. All but two customers had a deposit. She found that these two customers' deposits were applied in error. The Clerk-Treasurer ran a calculator tape of the customer deposit register and compared it to the cash and investment balances. After adjusting for known errors, again the fund was cash short \$610. The Clerk-Treasurer was advised to transfer \$610 from the Water Utility Operating Fund to the Water Utility Customer Deposit Fund.

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

HYDRANT RENTAL PAYABLE (Applies to Town)

In prior years, the Town failed to pay hydrant rental to the Water Utility in approved amounts. As noted in the prior report, the Town owed the Water Utility hydrant rental of \$88,060.28 as of December 31, 2005.

During the current examination period, the Town paid the required annual hydrant rental of \$12,172.46 to the Water Utility. Additionally, during the years 2006 and 2007, the Town paid the Water Utility a total of \$5,655.08 towards the previously owed amount. Therefore, as of December 31, 2007, the Town still owes the Water Utility \$82,405.20.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

DELINQUENT WASTEWATER ACCOUNTS (Applies to Wastewater Utility)

Delinquent Wastewater fees and penalties had not been recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property.

Indiana Code 36-9-23-33 states in part:

"(b) Except as provided in subsection (l), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

- (1) A list of the delinquent fees and penalties that are enforceable under this section, which must include the following:
 - (A) The name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent.
 - (B) A description of the premises, as shown by the records of the county auditor.
 - (C) The amount of the delinquent fees, together with the penalty.

TOWN OF CAMPBELLSBURG
EXAMINATION RESULTS AND COMMENTS
(Continued)

(2) An individual instrument for each lot or parcel of real property on which the fees are delinquent."

"(c) The officer shall record a copy of each list or each individual instrument with the county recorder . . ."

"(e) Using the lists and instruments prepared under subsection (b) and recorded under subsection (c), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (c), certify to the county auditor a list of the liens that remain unpaid for collection in the next May. . . ."

CAPITAL ASSET RECORDS (Town, Water and Wastewater Utilities)

The Town has not adequately recorded all capital asset additions. Some additions were posted to incorrect departments; some assets values were below the approved capitalization policy; and a Community Service Building donated to the Town in September of 2006 was not recorded. A current inventory of capital assets was not presented for examination.

The Utilities do not maintain sufficient detailed records of capital assets for its Utility Plant in Service accounts. The Wastewater Utility did not record the final cost of the newly completed improvements and a current inventory of Utility capital assets was not presented for examination.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the Capital Assets Ledger. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF CAMPBELLSBURG
EXIT CONFERENCE

The contents of this report were discussed on August 19, 2008, with David L. Brown, President of the Town Council; and Anita Collins, Clerk-Treasurer. The officials concurred with our findings.